

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

*In the Matter of*

**The Market Conduct Examination  
of Liberty Mutual Insurance Company.**

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) No. G 2000 - 34

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) FINDINGS, CONCLUSIONS, AND  
) ORDER ADOPTING REPORT

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**BACKGROUND**

An examination of the market conduct of Liberty Mutual Insurance Company (the Company) for the period April 15, 1998, to January 15, 1999, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Advertising, Agent Licensing, Complaints, New and Renewal Policies, Non-Renewal, Cancellation and Declined to Write, Forms and Rates, and Claims Settlement Practices.

The examination report with the findings and recommendations was transmitted to the Company for their comments on February 1, 2000, response to the draft report was received on March 23, 2000.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company. The report was modified to reflect new information provided by the company in their response to the draft report.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

## **FINDINGS**

The Commissioner adopts as findings the findings of the examiners as contained in the report.

## **CONCLUSIONS**

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

## **ORDER**

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the Report as follows (the page and other references are to the report):

1. The companies are instructed to comply with RCW 48.30.050 to ensure that the full name of the insurer and the location of its home or principal office are disclosed on every advertisement. (Page 6)
2. The companies are instructed to comply with RCW 48.17.060 and 48.17.160 to ensure that all agents are licensed and appointed. (Page 7)
3. The companies are instructed to comply with RCW 48.05.190(1) and establish procedures that ensure policy documents and correspondence correctly identify the legal name of the insuring company. (Pages 8,9 and 13)
4. The companies are instructed to comply with RCW 48.22.085(2) to include Personal Injury Protection coverage on all policies where required unless the company has a signed rejection. (Page 9)
5. The companies are instructed to comply with RCW 48.18.100(1) and file all forms, which do not qualify as manuscript forms, prior to use in Washington. (Page 10)
6. The companies are instructed to comply with RCW 48.18.230(1) issuing binders for no longer than 90 days. (Page 11)
7. The companies are instructed to comply with WAC 284-30-570 by sending the insured notices of non-renewal of cancellation in clear simple language that requires no additional research for the insured to understand the action. (Page 12)
8. The companies are instructed to comply with RCW 46.52.130 and cease using not-at-fault accidents as a basis for non-renewal, denial, or rate increases. (Page 12)
9. The companies are instructed to comply with WAC 284-30-330(2) or (16) by responding to all correspondence as required. and process claim payments as required. (Page 13)
10. The companies are instructed to comply with WAC 284-30-340 to ensure every claim files contain all notes and work papers pertaining to the claim in such detail that pertinent events and dates of the events can be reconstructed. (Page 14)

11. The companies are instructed to comply with WAC 284-30-350 to ensure that claim handlers fully disclose to first party claimants all pertinent benefits and coverages, and ensure the claim files document these disclosures. (Page 14)
12. The companies are instructed to comply with WAC 284-30-360(1) and (3) to ensure timely responses to pertinent correspondence and notice of claim. (Page 14)
13. The companies are instructed to comply with WAC 284-30-370 to investigate all claims within 30 days unless it cannot reasonably be completed within this timeframe. (Page 14)
14. The companies are instructed to comply with WAC 284-30-380(1) by accepting or denying a claim within 15 working days of receiving a properly executed proof of loss. (Page 14 )
15. The companies are instructed to comply with WAC 284-30-390(a)(b)(i-ii) and (c) when establishing the market value of total loss vehicles, including payment of all applicable taxes and license fees. (Page 14)
16. The company is instructed to comply with WAC 308-58-020(b) by notifying the Department of Motor Vehicles (DMV) about total loss vehicles as required. (Page 15)

ENTERED at Lacey, Washington, this 27th day of April, 2000.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner